From: WAYNE HEDBERG (WHEDBERG)

To: OGM1:JBURNS, OGM1:TGALLEGOS, OGM1:WHEDBERG, ...

Date: Tuesday, July 12, 1994 2:54 pm

Subject: MI VIDA MINE RECLAMATION (M/037/028)

I SPOKE WITH ROGER SMITH OF ENERGY FUELS NUCLEAR, INC. TODAY REGARDING THE SHAFT SUBSIDENCE/SLUMPING-RELATED INCIDENT WHICH WE NOTED DURING OUR LAST ONSITE INSPECTION IN APRIL/94. AS OUR APRIL 25/94 FILE MEMO INDICATES, WE OBSERVED THAT THE BACKFILLED UPPER LEVEL MI VIDA VENTILATION/ESCAPE SHAFT HAD AGAIN SUBSIDED SEVERAL FEET. DURING A JULY 11/94 PHONE CONVERSATION WITH ROGER REGARDING ANOTHER ISSUE, I MENTIONED THIS FINDING TO HIM. HE INDICATED HE WASN'T AWARE OF THIS, BUT HE WOULD ARRANGE TO HAVE THE PROBLEM LOOKED INTO IMMEDIATELY. SUBSEQUENTLY, I TELEFAXED HIM A COPY OF OUR APRIL FIELD INSPECTION MEMO FOR HIS REFERENCE.

ROGER CALLED ME THIS MORNING AND STATED HE HAD SOME MEN GO UP TO THE SITE YESTERDAY AND EVALUATE THE SHAFT SUBSIDENCE SITUATION. THE WORKERS APPARENTLY WENT UNDERGROUND VIA THE ADJACENT SHUMWAY MINE OPENINGS, TO SEE IF THERE WAS ANY SUBSURFACE INNERCONNECTION WITH THE SHAFT. ROGER STATED THAT THEY FOUND A DIRECT CONNECTION UNDERGROUND WITH THE SHUMWAY WORKINGS AND THE MI VIDA WORKINGS AND VENTILATION SHAFT. HIS WORKERS INDICATED THAT THE SHAFT SUBSIDENCE APPEARS TO BE DIRECTLY RELATED TO EROSION CAUSED FROM LOCAL SURFACE DRAINAGE/RUNOFF THAT HAS BEEN ENTERING THE SHUMWAY DECLINE(S) AND ASSOCIATED SURFACE ENTRIES/OPENINGS WHICH DRAIN DOWNDIP TOWARD THE BACKFILLED SHAFT. THIS DRAINAGE IS APPARENTLY ERODING/UNDERMINING THE BACKFILLED MATERIALS AWAY FROM THE BOTTOM OF THE SHAFT, THEREBY ALLOWING THE SHAFT TO SUBSIDE AT THE SURFACE AGAIN.

IT WAS ROGER'S IMPRESSION THAT THIS WILL CONTINUE TO BE A PROBLEM UNTIL THE OTHER SURFACE OPENINGS LOCATED ON THE ADJACENT LANDS ARE EFFECTIVELY SEALED TO PRECLUDE THE ENTRANCE OF SURFACE RUNOFF INTO THE UNDERGROUND WORKINGS. HE SAID HE THOUGHT THE SURFACE AREAS IN QUESTION WERE ASSOCIATED WITH THE "BIG BUCK" CLAIMS AND THAT THE SHUMWAYS MAY HAVE DROPPED THESE CLAIMS (REQUIRES VERIFICATION).

ROGER EXPRESSED ANOTHER POTENTIAL WATER-RELATED CONCERN THAT HE BELIEVED COULD MATERIALIZE AS A PROBLEM AT A FUTURE DATE. THE CONCERN RELATES TO THE POSSIBILITY THAT A GRADUAL FILLING OF UNDERGROUND WORKINGS WITH WATER MAY OCCUR. HE BELIEVES THIS COULD EVENTUALLY POSE A THREAT, VIA A HYDROSTATIC HEAD BUILDUP, AGAINST THE BACKFILLED SEAL WITHIN THE McCORMIC TUNNEL/PORTAL. HE STATED THAT FOLLOWING THE EARLIER MINING ACTIVITIES BY CHARLIE STEEN, A SECOND SESSION OF MINING OCCURRED AT THE MI VIDA IN THE (CUTLER OR CARMEL??) FORMATION LOCATED BELOW THE PRINCIPAL ORE BEARING UNIT MINED BY STEEN (ET. AL.). THESE TWO MINING LEVELS ARE APPARENTLY INTERCONNECTED VIA THE EXTENSIVE STOPING AND PILLAR EXTRACTION THAT WAS PERFORMED FROM THE LOWER LEVEL/UNIT.

ROGER STATED HE WOULD HAVE EQUIPMENT ON SITE THIS WEEK TO PERFORM THE WORK REQUIRED TO AGAIN FILL THE UPPER VENTILATION SHAFT THAT HAS SETTLED/SLUMPED.

